

Mr. Hall indicated that the Capital Maintenance and Equipment Replacement Program Policy is in conflict with the proposed Budget Stabilization Reserve Policy; therefore, it will necessary to amend the City Code inasmuch as the intent of the CMERP ordinance will no longer be needed.

The Director of Finance advised of the need for an economic and community development reserve to provide a supplement to economic and community development funds that are included in the City's Capital Improvement Program. He explained that the City has historically funded certain capital improvement programs on a cash basis, and the Economic and Community Development Reserve would provide a source of funding which would create flexibility to cash fund unforeseen opportunities that may arise in areas of economic development and community development. He stated that the proposed Economic and Community Development Reserve Policy is intended to demonstrate a commitment to financial planning for economic and community development projects which may provide future growth opportunities and expansion of Roanoke 's tax base.

In the interest of continuing and promoting sound financial decisions, the Director of Finance recommended that Council take the following actions at its meeting on Tuesday, May 10, 2005:

Adopt a Budget Stabilization Reserve Policy;

Modify the Debt Service Policy to reflect the impact of the proposed Budget Stabilization Reserve Policy;

Repeal the Capital Maintenance and Equipment Replacement Program which conflicts with the Budget Stabilization Reserve Policy; and

Create an Economic and Community Development Reserve Policy

#### Announcements

Vice-Mayor Fitzpatrick announced that the Flat Car located at the Railwalk will be used for the Chili Cook-off Annual Festival on May 7, 2005. He stated that the Flat Car would ultimately become the main stage when construction commences on the new Art Museum.

There being no further business, at 11:45 a.m., the Mayor declared the meeting in recess until Tuesday, May 10, 2005, for the purpose of adopting the 2005-2006 fiscal year budget for the City of Roanoke.

The Council of the City of Roanoke reconvened on Tuesday, May 10, 2005, at 2:00 p.m., in the Roanoke City Council Chamber, fourth floor, Noel C. Taylor Municipal Building, 215 Church Avenue, S. W., City of Roanoke, with Mayor C. Nelson Harris presiding.

PRESENT: Council Members M. Rupert Cutler, Alfred T. Dowe, Jr., Beverly T. Fitzpatrick, Jr., Sherman P. Lea, Brenda L. McDaniel and Mayor C. Nelson Harris---6.

ABSENT: Council Member Brian J. Wishneff-----1.

The Mayor declared the existence of a quorum.

OFFICERS PRESENT: Darlene L. Burcham, City Manager; William M. Hackworth, City Attorney; Jesse A. Hall, Director of Finance; and Mary F. Parker, City Clerk.

The invocation was delivered by Vice-Mayor Beverly T. Fitzpatrick, Jr.

The Pledge of Allegiance to the Flag of the United States of America was led by Mayor Harris.

BUDGET: The Mayor advised that the purpose of the meeting was to adopt measures enacting the City of Roanoke's 2005-2006 fiscal year budget.

The Mayor announced that Council would consider a revised pay ordinance granting all City employees a three per cent pay increase, effective July 1, 2005 instead of January 1, 2006; and an additional increase of four per cent would be allotted to public safety employees, commencing January 1, 2006. He explained that in January 2005, Council authorized a four per cent increase for the Police Department to help with recruitment and retention initiatives, and when the action was taken, it was understood that the Council was temporarily breaking a type of pay parity or pay equalization among the City's public safety departments, i.e.: Police Department, Fire/EMS Department, and the Sheriff's Department. He called attention to discussions with a number of City employees who support a general pay increase of three per cent commencing on July 1, 2005, as opposed to a four per cent increase effective January 1, 2006; therefore, after conferring with the Members of Council, the City Attorney was requested to prepare revised measures for the Council's consideration.

The Mayor advised that Council would also consider authorizing a 2.25 per cent cost-of-living increase for City retirees, effective July 1, 2005, instead of a 2.50 per cent increase effective January 1, 2006.

The Mayor stated that Council values and appreciates the work of all City employees, it was not the intent of Council to pit or to promote one group of City employees over and above another group, and no Member of Council intended to imply that public safety employees are more committed or more dedicated to their jobs than other City employees. He advised that earlier in the day he met with Reed P. Cotton, Jr., the son of a former City employee, who lost

his life in a tragic accident in the line of duty to express appreciation for the 20+ years of service that his father gave to the Roanoke community as an employee in the Solid Waste Management Department. He explained that Council met in fiscal year 2005-2006 budget study on Wednesday, May 4, 2005, and diligently addressed numerous budget related issues over a period of four to five hours; and pointed out that information provided by the news media as it relates to Council meetings does not always accurately reflect the full discussion by Council on certain issues.

#### INTRODUCTION AND CONSIDERATION OF ORDINANCES AND RESOLUTIONS:

**BUDGET:** A Certificate of funding submitted by the Director of Finance advising that funds required for the 2005-2006 General Fund, Civic Facilities Fund, Parking Fund, Market Building Fund, Department of Technology Fund, Fleet Management Fund, Risk Management Fund, School Fund, School Food Services Fund, and Grant Fund budgets will be available for appropriation, was before Council.

Without objection by Council, the Mayor advised that the Certificate of Funding would be received and filed

**BUDGET-PARKS AND RECREATION-FEE COMPENDIUM-LIBRARIES:** The City Manager submitted a communication advising that in developing the budget for fiscal year 2005-06, departments were asked to review their fee structures and, where feasible, propose fee schedule (compendium) changes that focus on recovering the cost of providing services.

It was further advised that the recommended fiscal year 2005-2006 budget incorporates proposed fee structure changes for Elmwood Park Amphitheater rental, mobile stage rental, outdoor pool entrance, fitness centers, library copy fees, rental inspection fees, asbestos removal permit fees, manufactured homes and modular buildings permit fees, tent and membrane structure permit fees and temporary certificate of occupancy renewal fees.

##### Elmwood Park Amphitheater Fee

Currently, the charge for rental of the Elmwood Park Amphitheater is \$150.00 per day assessed to any organization utilizing the facility. The proposed fee will increase the current charge to \$250.00.

##### Mobile Stage Fee

Parks and Recreation currently charges a fee in a two-tier structure: \$600.00 per day for 501(c) organizations not charging admission and \$900.00 per day for events charging admission. The proposed fee will increase the charge as follows: \$900.00 per day for 501(c) organizations not charging admission and \$1,200.00 per day for events charging admission.

#### Outdoor Pool Entrance Fee

The entrance fee for outdoor pools has not been increased in more than 10 years. Currently, the entrance fee is \$1.00 for youth and \$2.00 for adults. The proposed increase will result in the following entrance fee structure: \$2.00 for youth and \$3.00 for adults.

#### Fitness Center Fees

Currently, Parks and Recreation administers a two-tier fee structure for both monthly and daily fitness center memberships. Residents are assessed a fee of \$4.00 for daily membership and \$15.00 for monthly memberships; and non-residents are assessed a fee of \$5.00 for daily membership and \$22.00 for monthly memberships. The proposed fee adjustments will result in the following fee structure: Residents - \$5.00 for daily membership and \$18.00 for monthly membership; non-residents - \$6.00 for daily membership and \$25.00 for monthly membership.

#### Library Copy Fee:

The Library currently charges \$0.10 for each single copy made in the public library system. The proposed increase to \$0.15 for each single copy will more appropriately align the fee with the actual cost assessed to the library for offering the service to library patrons.

#### Rental Inspection Fee:

Currently, Housing and Neighborhood Services charges a fee of \$75.00 for the initial inspection as well as periodic inspections. Subsequent follow-up visits are charged at a rate of \$35.00 each. A fee of \$25.00 will be levied for the initial and periodic rental inspections. Follow-up compliance inspections will be levied at a rate of \$50.00 each.

#### Asbestos Removal

Currently, the permit for the removal of asbestos is issued based on valuation of the project. The proposed fee adjustment will institute a flat fee of \$45.00 per certificate.

#### Manufactured Homes and Modular Buildings

At present, the building permit is issued with the fee being determined based on valuation of the property. The proposed adjustment will result in a building permit being issued based on the structure: \$75.00-single wide, \$100.00-double wide, and \$125.00-triple wide.

Tent and Membrane Structures

At present, building permits are issued for the erection of tent and membrane structures over 900 square feet at a cost based on the value of the structure or the rental fee for the structure. The proposed adjustment will result in those permits being issued at a flat cost of \$50.00 each.

Temporary Certificate of Occupancy Renewal

Currently, residents are issued renewal Temporary Certificates of Occupancy without a fee; a fee structure for renewal is recommended. The first renewal certificate will be issued for a fee of \$75.00, and subsequent renewal certificates will be issued at a fee of \$125.00 each.

The City Manager recommended that Council adopt a resolution and amend the City's Fee Schedule (Compendium) to reflect changes in the above referenced fees, effective July 1, 2005.

Council Member Dowe offered the following resolution:

(#37043-051005) A RESOLUTION amending the City's Fee Compendium to provide for revised fees for use of City park facilities and services and for new and revised inspection fees in order to update current fees and promote uniformity with fees charged by the City and surrounding localities; and providing for an effective date.

(For full text of resolution, see Resolution Book No. 69, Page 371.)

Council Member Dowe moved the adoption of Resolution No. 37043-051005. The motion was seconded by Vice-Mayor Fitzpatrick and adopted by the following vote:

AYES: Council Members Cutler, Dowe, Fitzpatrick, Lea, McDaniel and Mayor Harris-----6.

NAYS: None-----0.

(Council Member Wishneff was absent.)

Vice-Mayor Fitzpatrick offered the following resolution:

(#37044-051005) A RESOLUTION amending the City's Fee Compendium to provide for revised fees for use of City park facilities and services and for new and revised inspection fees in order to update current fees and promote uniformity with fees charged by the City and surrounding localities; and providing for an effective date.

(For full text of resolution, see Resolution Book No. 69, Page 373.)

Vice-Mayor Fitzpatrick moved the adoption of Resolution No. 37044-051005. The motion was seconded by Council Member Dowe and adopted by the following vote:

AYES: Council Members Cutler, Dowe, Fitzpatrick, Lea, McDaniel and Mayor Harris-----6.

NAYS: None-----0.

(Council Member Wishneff was absent.)

BUDGET-CITY CODE-TAXES: The City Manager submitted a communication advising that in March 2000, as part of the Financial Planning Work Session, Council began planning for future capital projects, including the renovation of Patrick Henry High School; as a part of the planning process, Council agreed to begin setting aside \$570,000.00 in debt service funding on an annual basis to build debt capacity for future projects; and the strategy included building the necessary capacity to support the City of Roanoke's share of the Patrick Henry High School project.

It was further advised that at its next Financial Planning Work Session in March 2001, Council continued to plan for and to discuss capital projects, including the renovation of William Fleming High School, at a projected cost of \$40 million; while there was support to provide the City of Roanoke's share of \$20 million for the project, it was recognized that a new revenue source would be needed to support debt service; and as a result of subsequent planning efforts and discussion, an increase in the Prepared Food and Beverage Tax was identified as the potential funding source for the City of Roanoke's share of the William Fleming High School project.

It was explained that an analysis of the amount of debt service funding required in fiscal year 2009, after issuance of bonds for the William Fleming High School project, indicates that additional funding of approximately \$1.1 million will be needed to fully fund the City's share of the project; a proposed increase in the Prepared Food and Beverage Tax from four per cent to five per cent compares to an All Virginia Cities average of 4.9 per cent and a 5.9 per cent average for Virginia First Cities Coalition jurisdictions; and the comparison is based on tax rate information for 2004 provided by the Weldon Cooper Center for Public Service.

The City Manager advised that the proposed increase in the Prepared Food and Beverage Tax from four per cent to five per cent will result in additional revenue of approximately \$2.1 million dollars; one half of the incremental revenue will be used for debt service funding that will be needed to

support the William Fleming High School project, with the remaining portion to be used to address recurring operating expenses in the General Fund; and the Prepared Food and Beverage Tax is, in essence, a tax that is paid by those who choose to dine out and people outside of the City of Roanoke who elect to take advantage of the many restaurants in the City.

The City Manager recommended that Council adopt an ordinance amending Section 32-284 of the City Code to increase the Prepared Food and Beverage Tax to five per cent, effective July 1, 2005.

Council Member Dowe offered the following ordinance:

(#37045-051005) AN ORDINANCE amending §32-284, Levy of tax; amount, Article XIV, Tax on Prepared Food and Beverage, Chapter 32, Taxation, of the Code of the City of Roanoke (1979), as amended, by increasing the tax rate on prepared food and beverages from four percent (4%) to five percent (5%), providing for an effective date; and dispensing with the second reading by title paragraph of this ordinance.

(For full text of ordinance, see Ordinance Book No. 69, Page 374.)

Council Member Dowe moved the adoption of Ordinance No. 37045-051005. The motion was seconded by Vice-Mayor Fitzpatrick and adopted by the following vote:

AYES: Council Members Cutler, Dowe, Fitzpatrick, Lea, McDaniel and Mayor Harris-----6.

NAYS: None-----0.

(Council Member Wishneff was absent.)

CITY MARKET-BUDGET-ROANOKE CIVIC CENTER-GRANTS-  
COMMUNICATIONS DEPARTMENT-SCHOOLS-FLEET MAINTENANCE FUND-RISK  
MANAGEMENT FUND: Vice-Mayor Fitzpatrick offered the following revised budget ordinance:

(#37046-051005) AN ORDINANCE adopting the annual General, Civic Facilities, Parking, Market Building, Department of Technology, Fleet Management, Risk Management, School, School Food Services and Grant Funds Appropriations of the City of Roanoke for the fiscal year beginning July 1, 2005, and ending June 30, 2006; and dispensing with the second reading by title of this ordinance.

(For full text of ordinance, see Ordinance Book No. 69, Page 375.)

Vice-Mayor Fitzpatrick moved the adoption of Ordinance No. 37046-051005. The motion was seconded by Council Member Cutler.

The City Manager was requested to clarify the revised ordinance; whereupon, she advised that in order to make the necessary adjustments to provide for a three per cent pay increase for City employees, effective July 1, 2005 instead of January 1, 2006, City staff was instructed to identify additional sources of funds to make up the difference. She called attention to three accounts that were previously recommended for funding in the fiscal year 2005-2006 budget, but were subsequently reduced in order to provide the necessary funds for a three per cent pay increase for City employees effective July 1, 2005; i.e.: Storm Water Management, Bridge Maintenance and Traffic Signal Replacement, and advised that incremental improvements in Fleet Replacement, Building Maintenance, Technology, and Street Paving will be left intact.

Ordinance No. 37046-051005, as revised, was adopted by the following vote:

AYES: Council Members Cutler, Dowe, Fitzpatrick, Lea, McDaniel and Mayor Harris-----6.

NAYS: None-----0.

(Council Member Wishneff was absent.)

POLICE DEPARTMENT-PAY PLAN-BUDGET-FIRE DEPARTMENT-COMMITTEES-CITY SHERIFF-PENSIONS: Council Member Cutler offered the following revised ordinance:

(#37047-051005) AN ORDINANCE to adopt and establish a Pay Plan for officers and employees of the City, effective July 1, 2005; providing for certain salary adjustments and merit increases; authorizing annual salary increments for certain officers and employees for use of private motor vehicles; authorizing annual salary increments for sworn police officers assigned to the Criminal Investigation Division; authorizing annual salary increments for certain members of the Fire-Emergency Medical Services Department who are certified as Emergency Medical Technicians; authorizing annual salary increments for certain members of the Fire-Emergency Medical Services Department who are members of the Regional Hazardous Materials Response Team; providing for continuation of a police career enhancement program; providing for continuation of a Firefighter/Emergency Medical Technician merit pay program; providing for a Community Policing Specialist program; providing for payment of a monthly stipend to certain board and commission members; providing for an increase in base annual salary for any employee of the Sheriff who meets the



qualifications for and has been appointed Master Deputy Sheriff; repealing, to the extent of any inconsistency, Ordinance No. 36693-051304, adopted May 13, 2004, as amended by Ordinance No. 36935-010305, adopted on January 3, 2005, except for Paragraph 17 thereof, relative to the annual salaries of the Mayor, Vice-Mayor, and Council members; providing for the salaries of the City's Constitutional Officers; providing for an effective date; and dispensing with the second reading by title of this ordinance.

(For full text of ordinance, see Ordinance Book No. 69, Page 383.)

Council Member Cutler moved the adoption of Ordinance No. 37047-051005. The motion was seconded by Vice-Mayor Fitzpatrick.

Joyce Conner, a City employee, read a communication from Reed P. Cotton, Jr., 1408 Fresno Street, N. W., an employee of the Solid Waste Management Department. Mr. Cotton advised that he was concerned about the double raise that was proposed for public safety employees, and according to an article in *The Roanoke Times*, job peril was cited as justification for the raise. He stated that his father, Reed P. Cotton, Sr., was the last City employee to die in the line of duty and although he was not a public safety employee, he asked if his father's life as a Solid Waste Management employee for over 22 years was not as important as those public safety employees who have lost their lives in the line of duty. He requested that Council consider the impact that a selective double raise will have on the 60 per cent of City employees who are not public safety personnel, because not only is the proposed raise a public showing of favoritism, it will give six months of his hard earned salary increase to a group of employees who already earn more than the average Solid Waste Management employee. He asked that Council withdraw its support for the selective double raise for public safety employees, and advised that all City employees should receive a raise, as opposed to a select group of public safety employees.

Donald Maddox, 3540 Melcher Street, S. E., a City employee, expressed appreciation to Council for considering a revised measure that will allow a three per cent raise for all City employees, effective July 1, 2005. He concurred in the need for a pay increase for employees in the Police Department and the Sheriff's Department, but expressed concern on behalf of the other 60 per cent of good and dedicated City employees, many of whom also work under dangerous conditions.

Eddie Bobbitt, 1146 Ferrell Drive, Wirtz, Virginia, a City employee, also expressed appreciation to Council for considering a revised ordinance authorizing a three per cent pay increase for all City employees, effective July 1, 2005. He stated which it is understood that the City's public safety employees work under stressful conditions, but his job as an equipment mechanic is just as stressful inasmuch as he is charged with the responsibility of maintaining the City's fleet of vehicular equipment which is used by public safety employees, public works employees, and solid waste management employees, etc.

Robert Gravely, 729 29<sup>th</sup> Street, N. W., advised that those City employees who earn the least amount of wages should receive the highest pay increase. He stated that the City's pay scale should be upgraded due to increases in insurance such as Anthem Blue Cross/Blue Shield, Delta Dental and Aflac. In addition to public safety employees, he called attention to unsafe working conditions for other City employees and asked that all City employees be treated equally and fairly.

Brenda S. Hamilton, 4505 Biltmore Drive, N. W., Clerk of the Circuit Court, expressed appreciation to Council for considering a revised pay increase of three per cent for all City employees, effective July 1, 2005. She advised that the 22 members of her staff looked forward to a three per cent pay increase. She stressed the importance of looking at all City employees as a group and that public safety employees not be singled out as the elite few because all City employees strive to serve the needs of the citizens of the City of Roanoke. She asked that the City's pay scale be reviewed and upgraded.

George M. McMillan, 5034 Oakley Avenue, S.W., City Sheriff, expressed appreciation to Council for awarding a three per cent increase to all City employees, effective July 1, 2005 as opposed to January 1, 2006. He stated that it is known that it was not the intent of Council to pit one employee group against another.

Council Member Lea expressed appreciation to the Mayor for his leadership in resolving the City employee pay increase issue. He also expressed appreciation to Sherman L. Stovall, Director of Management and Budget, for responding to his questions in a timely manner and for helping him to better understand the City's budget process.

Council Member Dowe expressed appreciation to all City employees for their service to the City of Roanoke. He, too, expressed appreciation to the Mayor for his leadership in resolving the pay increase issue and also expressed appreciation to the City's budget team for its efforts to prepare a budget that will move the City of Roanoke forward within the confines of its resources.

Ordinance No. 37047-051005, as revised, was adopted by the following vote:

AYES: Council Members Cutler, Dowe, Fitzpatrick, Lea, McDaniel and Mayor Harris-----6.

NAYS: None-----0.

(Council Member Wishneff was absent.)

**BUDGET-PENSIONS:** The Director of Finance and the City Manager submitted a joint communication advising that retirees of the City of Roanoke Pension Plan (the Plan) are awarded cost-of-living adjustments (COLA) on an ad hoc basis by Council; the Plan does not include a provision for an automatic COLA due to the significant actuarial cost and related increase in contribution rates; thus, COLA's are not pre-funded in the Plan, but rather the increased cost is recognized when the increase has been awarded; factors considered as part of the recommendation for an annual adjustment include a change in the Consumer Price Index, increased cost to the Plan, the amount of raises provided by similar plans within the state, and the amount of increase provided by Social Security; eligible members of the City of Roanoke Pension Plan received a 2.1 per cent cost-of-living adjustment on July 1, 2004, which was the ninth consecutive COLA provided to eligible retirees; and the Recommended Budget for fiscal year 2006 includes a four per cent raise for active employees, effective January 1, 2006.

It was further advised that the required contribution rate for the pension plan to fund the current level of benefits will increase for fiscal year 2006 from 9.56 per cent to 12.61 per cent of payroll; additional cost to the General Fund is approximately \$1,600,000; a proposed 2.50 per cent increase to eligible members of the Plan, effective January 1, 2006, will increase the average annual retirement allowance by approximately \$303.00, costing the Plan an additional \$467,671.00 in benefits annually; the actuarial cost of a 2.50 per cent COLA is estimated at \$4.4 million to be funded over the next 20 years through the annual payroll contribution rate which results in an increase of approximately \$287,700.00 in annual contributions to the Plan; all City operating funds, along with the Roanoke Regional Airport Commission, School Board, Roanoke Valley Resource Authority, Roanoke Valley Detention Commission, Western Virginia Water Authority, and the Commonwealth of Virginia will assume their pro rata cost for funding the COLA; and the City's pro rata share of the increase is approximately \$250,000.00.

It was explained that the recommended increase will apply to those retirees who retired on or before July 1, 2004, i.e.: those retirees who have been retired for at least one year; approximately 1,541 of the 1,595 retirees, or 97 per cent of those receiving benefits as of March 31, 2005, will be eligible for the increase; and the increase will also apply to a member's or surviving spouse's annual retirement allowance, excluding any incentive payments made under the Voluntary Retirement Incentive Program established by Ordinance No. 30473-41591, adopted April 15, 1991, or to the retirement supplement paid according to Section 22.2-61 of the City Code.

It was advised that a request was also referred to budget study to consider providing a supplemental allowance for health insurance for City retirees who are 65 years of age or older; the Plan currently provides a monthly supplement of 75 per cent of the amount of health insurance supplement provided to active employees, or \$221.25 to retirees with at least 20 years of

service until age 65; the supplement is provided to complement the pension allowance until Medicare eligibility; upon reaching Medicare eligibility, retirees are eligible to begin receiving both hospital and medical benefits; and a new drug benefit program beginning in January 2006, Medicare Part D, will assist with outpatient prescription drugs.

The Director of Finance and the City Manager recommended that Council adopt an ordinance granting a 2.50 per cent COLA for eligible retirees, effective January 1, 2006 coincident with the recommendation of the effective date of salary increases for active employees; consideration was given to the request by the Retirement Association for a supplemental allowance for health insurance for retirees 65 and older; and due to the significant increase in contributions required to sustain the current level of benefits and to provide a COLA, no benefit changes are recommended that would result in additional funding requirements for the pension plan.

The Mayor having previously announced that the Council would consider a 2.25 per cent cost-of-living increase for City of Roanoke retirees, effective July 1, 2005, as opposed to a 2.50 per cent increase, effective January 1, 2006, Council Member Cutler offered the following revised ordinance:

(#37048-051005) AN ORDINANCE providing for certain supplemental benefits under the City of Roanoke Pension Plan to certain members of such Plan and certain of their surviving spouses; providing for an effective date; and dispensing with the second reading by title of this ordinance.

(For full text of ordinance, see Ordinance Book No. 69, Page 387.)

Council Member Cutler moved the adoption of Ordinance No. 37048-051005 as revised. The motion was seconded by Vice-Mayor Fitzpatrick and adopted by the following vote:

AYES: Council Members Cutler, Dowe, Fitzpatrick, Lea, McDaniel and Mayor Harris-----6.

NAYS: None-----0.

(Council Member Wishneff was absent.)

**BUDGET-CAPITAL IMPROVEMENT PROGRAM:** The City Manager submitted a communication advising that the Capital Improvement Program (CIP) for fiscal years 2006-2010 is a plan recommended for approval by Council for capital expenditures to be incurred over the next five years in order to address priority long-term capital needs of the City of Roanoke; and the CIP reflects the current status of projects which have previously been approved and funded by Council and is a revision to the fiscal years 2005-2009 Capital Improvement Program approved by Council on May 13, 2004.

It was further advised that on April 18, 2005, Council received the proposed Capital Improvement Program for fiscal years 2006-2010 as part of the Recommended Resource Allocation Plan; the Capital Improvement Program Summary Section of the document provides a summary of projects; and the Capital Improvement Program for fiscal years 2006-2010 is comprised of capital projects, with an estimated cost of project completion totaling \$257,922,677.00.

It was further advised that during the Financial Planning Work Session in February 2005, Council was briefed on the need for short-term financing in the amount of \$2.6 million to support the Financial Application Integration project; the project includes replacement of the City's financial systems and replacement of the accounting, tax/treasury, budget preparation, and human resource/payroll system applications; the need for financing is based on the cash flow to support the planned staging of projects; sufficient funds are budgeted in the Technology Fund to support the required level of debt service; and authorization to hold a public hearing to issue bonds to support the project is requested.

It was explained that on May 2, 2005, Council authorized execution of an option agreement for the purchase of the Countryside Golf Course at a cost of \$4.1 million; funding for acquisition of the property will come from the issuance of bonds; moving forward with the project may require the planned issuance of bonds for the planned Multipurpose Recreation Center to be shifted beyond fiscal year 2008; with the option fee of \$125,000.00 credited to the purchase cost, net funding of \$3,975,000.00 will be required; authorization to hold a public hearing to issue bonds to support the project is also requested; and bonds will be issued during fiscal year 2005-2006 for the following projects:

Previously Authorized

• Riverside Center	\$ 5,500,000.00
• Civic Facilities Expansion and Renovation	\$ 6,405,000.00
• Patrick Henry High School	\$21,750,000.00
• Fallon Park Elementary School	\$ 1,600,000.00
• Westside Elementary School	\$ 3,850,000.00

To Be Authorized

• Art Museum	\$ 3,700,000.00
• Downtown West Parking Garage	\$ 2,600,000.00
• Financial Application Integration	\$ 2,600,000.00
• Countryside Golf Course	\$ 3,975,000.00

The City Manager recommended that Council adopt a resolution endorsing an update to the CIP; authorize a public hearing to be held on June 20, 2005, for issuance of General Obligation Bonds for the Art Museum (\$3,700,000.00), Downtown West Parking Garage (\$2,600,00.00), Financial

Application Integration (\$2,600,000.00), and Countryside Golf Course (\$3,975,000.00); and appropriate \$3,204,476.00 included in the fiscal year 2005-2006 Transfer to Capital Projects, Account No. 001-250-9310-9508, to the respective capital project accounts established by the Director of Finance for the following projects:

- \$150,000.00 to Capital Project, Account No. 008-530-9552, for Bridge Maintenance
- \$40,000.00 to Capital Project, Account No. 008-530-9823, for Police Academy Building
- \$199,274.00 to Capital Project, Account No. 008-530-9736, for Stormwater Management
- \$310,000.00 to Capital Project, Account No. 008-530-9575, for Transportation Projects
- \$217,184.00 to Capital Project, Account No. 008-056-9620, for Roanoke River Flood Reduction
- \$250,000.00 for Capital Project, Account No. 008-530-9845, for Concept Design Courthouse Expansion
- \$250,000.00 for Capital Project, Account No. 008-530-9799, for Streetscapes and Traffic Calming
- \$150,000.00 for Capital Project, Account No. 008-440-9860, for Jail HVAC Design
- \$235,000.00 for Capital Project, Account No. 008-615-8114, for the Roanoke Redevelopment and Housing Authority
- \$1,403,018.00 to Capital Project Contingency, Account No. 008-530-9575, for prioritized projects; and

appropriate \$1,100,000.00 of residual equity from the close-out of Water and Sewer funds to:

- Carvins Cove Management Plan, Account No. 008-620-9825 \$90,000.00
- Equipment Replacement, Account No. 017-440-2642 \$450,000.00
- Technology Projects, Account No. 013-430-1602 \$450,000.00
- Capital Project Contingency, Account No. 008-530-9575 \$110,000.00

Council Member Dowe offered the following budget ordinance:

(#37049-051005) AN ORDINANCE to appropriate funding from the General and Capital Projects Funds for various capital improvement projects, amending and reordaining certain sections of the 2005-2006 Capital Projects, Department of Technology, and Fleet Management Funds Appropriations, and dispensing with the second reading by title of this ordinance.

(For full text of ordinance, see Ordinance Book No. 69, Page 389.)

Council Member Dowe moved the adoption of Ordinance No. 37049-051005. The motion was seconded by Council Member Cutler and adopted by the following vote:

AYES: Council Members Cutler, Dowe, Fitzpatrick, Lea, McDaniel and Mayor Harris-----6.

NAYS: None-----0.

(Council Member Wishneff was absent.)

Vice-Mayor Fitzpatrick offered the following resolution:

(#37050-051005) A RESOLUTION endorsing the update to the Capital Improvement Program submitted by the City Manager by letter of May 10, 2005.

(For full text of resolution, see Resolution Book No. 69, Page 390.)

Vice-Mayor Fitzpatrick moved the adoption of Resolution No. 37050-051005. The motion was seconded by Council Member Dowe and adopted by the following vote:

AYES: Council Members Cutler, Dowe, Fitzpatrick, Lea, McDaniel and Mayor Harris-----6.

NAYS: None-----0.

(Council Member Wishneff was absent.)

BUDGET-GRANTS-HOUSING/AUTHORITY: The City Manager submitted a communication advising that in order to receive Community Development Block Grant (CDBG), HOME Investment Partnerships (HOME) and Emergency Shelter Grant (ESG) funding, the City of Roanoke must submit a five-year Consolidated Plan and Annual Updates to the U. S. Department of Housing and Urban Development (HUD); and the current five-year Consolidated Plan for the City of Roanoke will expire on June 30, 2005.

It was further advised that at the April 4, 2005 Council briefing, Council received a Summary of the Draft 2005-2010 HUD Consolidated Plan, which detailed priorities and objectives for the five-year period and the uses of funds recommended for fiscal year 2005-2006, the first year of the plan; Council also received a draft of the Gainsboro Neighborhood Revitalization Strategy Area (NRSA) plan, which is a supplement to the five-year Consolidated Plan; the Draft 2005-2010 Consolidated Plan was made available for public review and comment for a 30-day period, beginning April 4, 2005; as part of the review,

the draft plan was provided to Roanoke County, Salem, Vinton, and Botetourt County for comments which might assist the City in preparing the plan; opportunities for citizen input were provided at four public hearings which were held on September 23 and November 4, 2004, March 31 and April 28, 2005; in addition, information regarding availability of the plan for public review was sent to each member of the Roanoke Neighborhood Advocates (RNA); the five-year Consolidated Plan must be received by HUD on May 16, 2005, in order for the City's HUD fiscal year to begin on July 1, 2005; and funding for fiscal year 2005-2006, the first year of the new plan, would be available from the following sources:

New HUD Entitlements	\$2,909,053.00
Estimated Program Income	483,051.00
Estimated Carry-over	<u>711,514.00</u>
Subtotal	\$4,103,618.00

It was explained that it is estimated that the \$4.1 million in HUD funds as above referenced will leverage or otherwise be combined with as much as an additional \$5.4 million in other public and private funding; therefore, total estimated investment in activities included in the Annual Update is approximately \$9.5 million; priorities and objectives of the new five-year plan incorporate adjustments in the distribution of CDBG funds under the City's HUD Funds Policy, on which Council was briefed in September 2004; during the five-year period, priorities and objectives are structured to distribute 57 per cent of the CDBG funds to housing, 22.5 per cent to economic development, ten per cent to human services, ten per cent to neighborhood development and 0.5 per cent to homeless services; and including HOME, which is entirely for affordable housing assistance, and ESG, which is entirely for homeless services, almost two-thirds of the resources will be directed toward housing development.

The City Manager recommended that Council approve the 2005-2010 Consolidated Plan and that she be authorized to submit the plan to HUD for final review and approval, including execution of all necessary documents pertaining thereto, such documents to be approved as to form by the City Attorney; and that Council adopt the revised HUD Funds Policy incorporating a CDBG funds distribution of 57 per cent for Housing, 22.5 per cent for Economic Development, ten per cent for Human Services, ten per cent for Neighborhood Development, and 0.5 per cent for Homeless Services, with uses for HOME and ESG funds to remain unchanged.

Vice-Mayor Fitzpatrick offered the following resolution:



(#37051-051005) A RESOLUTION approving the 2005 - 2010 Consolidated Plan and authorizing the City Manager, or the City Manager's designee, to submit the approved Consolidated Plan to the United States Department of Housing and Urban Development (HUD) for final review and approval, and authorizing the execution of all necessary documents pertaining to such Consolidated Plan.

(For full text of resolution, see Resolution Book No. 69, Page 391.)

Vice-Mayor Fitzpatrick moved the adoption of Resolution No. 37051-051005. The motion was seconded by Council Member Lea and adopted by the following vote:

AYES: Council Members Cutler, Dowe, Fitzpatrick, Lea, McDaniel and Mayor Harris-----6.

NAYS: None-----0.

(Council Member Wishneff was absent.)

CITY CODE-BUDGET-CMERP-EQUIPMENT: The Director of Finance submitted a communication advising that a Budget Stabilization Reserve Policy is a component of sound financial management of a local government; development of financial management policies is recognized by municipal bond rating agencies and is a recommended best practice by the Government Finance Officers Association (GFOA); and the importance of a budget stabilization policy is to define a level of reserves desired by an organization in assuring liquidity to address unforeseen financial needs.

It was further advised that while the City has several fund balance policies in place, including a reserve for self-insured liabilities, the Capital Maintenance and Equipment Replacement Program (CMERP), and the reserve for debt service, the City does not currently have a General Fund budget stabilization policy; although the City maintains a reasonable reserve in the Debt Service Fund, there is no adopted policy identifying such as a budget stabilization or rainy day fund, which was noted by all three bond rating agencies in the City's most recent credit review, with emphasis on the need for a reserve inasmuch as the City's bond indebtedness is anticipated to increase over the next few years; a policy was developed in coordination with the City's financial advisor and reviewed by analysts in municipal bond rating agencies; and the recommended policy was also reviewed by Council at the February 18, 2005 Annual Financial Planning Session.

Key elements of the policy include:

- Reserve floor - The reserve will be maintained at a level to provide working capital and a margin of financial flexibility; the reserve will be a designated portion of the General Fund balance, and will be maintained at a minimum of five per cent, with a target of eight per cent of the adopted General Fund expenditure budget for the current year.
- Reserve drawdown - Use of the reserve will occur only upon authorization by Council to address unforeseen emergencies, or due to significant declines in revenues that cannot be covered by other sources.
- Reserve growth - The reserve will be maintained within the target range by retaining interest earnings and by designating a portion of the undesignated fund balance to the reserve when necessary.
- Reserve replenishment - If the reserve is used, it will be restored to the five per cent minimum level within three fiscal years, after which time, it will continue to be increased toward the eight per cent goal.

It was explained that the primary fund balance policy currently in existence for the General Fund is the Capital Maintenance and Equipment Replacement Program (CMERP); the CMERP ordinance was originally adopted to address a lack of adequate funding in the adopted budget for capital equipment and maintenance needs; the CMERP ordinance reserved the entire General Fund balance for capital needs; during recent years, funding included in the adopted budget has systematically been increased to address capital needs, working toward the goal of including adequate capital funding in the adopted budget; in conjunction with adoption of the Budget Stabilization Reserve policy, the CMERP ordinance will be repealed, since adoption of the new policy would conflict with the CMERP ordinance and as funding is included in the adopted budget to address capital equipment and maintenance, the intent of the CMERP ordinance is no longer needed; and as the Budget Stabilization Reserve is adopted and the CMERP ordinance is repealed, the amount that previously would have been designated as CMERP will be considered undesignated fund balance and the undesignated fund balance will be available for one-time funding needs and may be appropriated for use in the subsequent year by Council.

The Director of Finance advised that the City's budget stabilization reserve will be established in the General Fund by a transfer of \$15.5 million from the Debt Service Fund; in conjunction with the transfer, the Debt Policy will be amended to reflect the impact of the new policy; while the residual Debt Service fund balance will continue to be reserved for future debt service and bond issuance costs, the goal of maintaining the balance at a level equal to one

year of debt service expenditure will no longer be included; it is believed that the policy will be beneficial to the City's continued commitment to long-term financial planning; and the reserve policy will be used in conjunction with Roanoke's other financial policies to help assure financial stability and protection of Roanoke's "double-A" bond rating credit quality.

The Director of Finance recommended that Council adopt resolutions establishing the Budget Stabilization Reserve Policy and amending the Debt Policy; adopt an ordinance to repeal the Capital Maintenance and Equipment Replacement (CMERP) ordinance; and adopt a budget ordinance transferring funds totaling \$15.5 million from the Debt Service Fund to the General Fund.

Council Member Cutler offered the following ordinance:

(#37052-051005) AN ORDINANCE amending Chapter 2, Administration, Article VIII, Finance Generally, of the Code of the City of Roanoke (1979), as amended, by repealing §2-189, Reserve for capital improvements and capital maintenance and equipment; and dispensing with the second reading by title paragraph of this ordinance.

(For full text of ordinance, see Ordinance Book No. 69, Page 392.)

Council Member Cutler moved the adoption of Ordinance No. 37052-051005. The motion was seconded by Vice-Mayor Fitzpatrick and adopted by the following vote:

AYES: Council Members Cutler, Dowe, Fitzpatrick, Lea, McDaniel and Mayor Harris-----6.

NAYS: None-----0.

(Council Member Wishneff was absent.)

Vice-Mayor Fitzpatrick offered the following resolution:

(#37053-051005) A RESOLUTION approving and adopting a policy entitled "City of Roanoke Virginia Budget Stabilization Reserve Policy" for the City.

(For full text of resolution, see Resolution Book No. 69, Page 393.)

Vice-Mayor Fitzpatrick moved the adoption of Resolution No. 37053-051005. The motion was seconded by Council Member Dowe and adopted by the following vote:

AYES: Council Members Cutler, Dowe, Fitzpatrick, Lea, McDaniel and Mayor Harris-----6.

NAYS: None-----0.

(Council Member Wishneff was absent.)

Council Member Cutler offered the following resolution:

(#37054-051005) A RESOLUTION approving and adopting a Debt Policy for the City of Roanoke.

(For full text of resolution, see Resolution Book No. 69, Page 394.)

Council Member Cutler moved the adoption of Resolution No. 37054-051005. The motion was seconded by Council Member Dowe and adopted by the following vote:

AYES: Council Members Cutler, Dowe, Fitzpatrick, Lea, McDaniel and Mayor Harris-----6.

NAYS: None-----0.

(Council Member Wishneff was absent.)

Vice-Mayor Fitzpatrick offered the following budget ordinance:

(#37055-051005) AN ORDINANCE to transfer funding establishing the Budget Stabilization Reserve, amending and reordaining certain sections of the 2004-2005 General and Debt Service Funds Appropriations, and dispensing with the second reading by title of this ordinance.

(For full text of ordinance, see Ordinance Book No. 69, Page 395.)

Vice-Mayor Fitzpatrick moved the adoption of Ordinance No. 37055-051005. The motion was seconded by Council Member Dowe and adopted by the following vote:

AYES: Council Members Cutler, Dowe, Fitzpatrick, Lea, McDaniel and Mayor Harris-----6.

NAYS: None-----0.

(Council Member Wishneff was absent.)

ECONOMIC DEVELOPMENT: The City Manager submitted a communication advising that interest earned from the Capital Projects Fund and occasional land sale proceeds have traditionally been used for economic development or community development initiatives; and currently, no dedicated funding source is available for economic development or community development initiatives.

It was further advised that it would be beneficial to have a specified funding source when economic or community development opportunities arise; and adopting a policy which reserves Capital Projects Fund interest earnings and proceeds from the sale of general government property for economic development and community development initiatives would result in a dedicated funding source.

It was explained that funding will be used for economic and community development initiatives that include, but are not to be limited to the following:

1. Purchase of property for the purpose of economic development.
2. Economic development incentives.
3. Greenway Development.
4. Infrastructure improvements to support economic development and community development initiatives.

The City Manager recommended that Council adopt a policy designating Capital Projects Fund interest earnings and proceeds from the sale of general government property for economic development and community development initiatives.

Vice-Mayor Fitzpatrick offered the following resolution:

(#37056-051005) A RESOLUTION approving an Economic and Community Development Reserve Policy dedicating Capital Projects Fund interest earnings and proceeds from the sale of real property for economic and community development initiatives.

(For full text of Resolution, see resolution Book No. 69, Page 396.)

Vice-Mayor Fitzpatrick moved the adoption of Resolution No. 37056-051005. The motion was seconded by Council Member Lea and adopted by the following vote:

AYES: Council Members Cutler, Dowe, Fitzpatrick, Lea, McDaniel and Mayor Harris-----6.

NAYS: None-----0.

(Council Member Wishneff was absent.)

BUDGET-CITY CODE-CITY MANAGER: The City Manager submitted a communication advising that Section 2-121 of City Code authorizes the City Manager to make transfers up to \$75,000.00 within or between departments and divisions as set forth by fund in the annual appropriation ordinance.

It was further advised that as a part of year-end processing, there is a need to transfer funds for items such as salary lapse and internal service fund billings in excess of the \$75,000.00 threshold; and such actions currently require that a Council report be processed to authorize the transfer.

The City Manager recommended that Section 2-121 of the Code of the City of Roanoke (1979), as amended, be amended, to allow the City Manager to make transfers within or between departments and divisions in excess of \$75,000.00 from April 1 through June 30 annually; and the Director of Finance shall report such transfers to Council as a part of the quarterly Summary of City Manager Transfers.

Council Member Cutler offered the following ordinance:

(#37057-051005) AN ORDINANCE amending and reordaining §2-121, Authority to transfer funds, of Article V, City Manager, of Chapter 2, Administration, of the Code of the City of Roanoke (1979), as amended, to provide for the authorization of the City Manager to transfer funds; and dispensing with the second reading by title paragraph of this ordinance.

(For full text of ordinance, see Ordinance Book No. 69, Page 397.)

Council Member Cutler moved the adoption of Ordinance No. 37057-051005. The motion was seconded by Vice-Mayor Fitzpatrick and adopted by the following vote:

AYES: Council Members Cutler, Dowe, Fitzpatrick, Lea, McDaniel and Mayor Harris-----6.

NAYS: None-----0.

(Council Member Wishneff was absent.)

There being no further business, the Mayor declared the meeting adjourned at 2:50 p.m.

A P P R O V E D

ATTEST:

Mary F. Parker  
City Clerk

C. Nelson Harris  
Mayor